



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 4

Agenda Date: June 23, 2022

In Control: City Council A Session

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

This ordinance will approve the implementation Plan for the distribution of American Rescue Plan Act (ARPA) funds to San Antonio small businesses to mitigate the impact of COVID-19, establish criteria for such funding, and authorize an agreement with LiftFund for grant program administration.

SUMMARY:

On February 3, 2022, the City Council allocated \$30.9 million in ARPA funds for small businesses. This ordinance will authorize an Implementation Plan for distribution by the Economic Development Department of ARPA funds to San Antonio small businesses to mitigate the impact of COVID-19, establish criteria for such funding, and authorize an agreement with LiftFund for grant program administration.

BACKGROUND INFORMATION:

With the onset of the COVID-19 pandemic, many of the city's small businesses were negatively impacted. In June 2020, as part of the Recovery & Resiliency Plan, the City Council approved funding to provide direct cash grants to support small businesses impacted by COVID-19. Funding could be used to support ongoing operations including personnel expenses, rent, and utilities. Administered in partnership with LiftFund, a total of \$45.5 million in grants was provided to 1,870

businesses. Most of this funding was allocated from the City's \$270 million of Coronavirus Relief Funds provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act as well as General Fund resources.

Following the completion of the micro business grants, LiftFund surveyed recipients to gauge outcomes of the investment. As expected, recipient businesses reported substantial challenges but remained optimistic. Of the nearly 400 respondents, 81% indicated that 2020 annual gross revenues would be at least half of 2019 annual gross revenues and 64% indicated they planned to hire or rehire employees. In addition, recipients of the hospitality grants were surveyed, and it was found that the funding was instrumental to the health of the businesses and contributed to San Antonio's economy: 77.5% are planning to or have already hired or re-hired a total of 658 employees and close to 61% saw their revenue increase in 2021 despite the pandemic. In both surveys, business owners cited ongoing difficulties with cost and availability of both supplies and labor as major challenges.

The Resiliency & Recovery Plan also included the purchase and distribution of \$2 million of personal protective equipment (PPE) to San Antonio small businesses and non-profits to safely reopen their doors while protecting employees and customers. Over 8,200 San Antonio businesses and non-profits received PPE supplies through a mass distribution event at the Alamodome, Council District specific distributions, and outreach by partner organizations and associations.

Also, as part of the Recovery & Resiliency Plan, \$1.1 million was allocated to establish a small business Outreach Program and the Place-Based & Virtual Hubs Program. Through the Outreach Program, Centro, San Antonio for Growth on the Eastside (SAGE), Southside First, Prosper West, and greater: SATX (formerly known as San Antonio Economic Development Foundation) provided support and resource referrals to over 19,000 San Antonio businesses to help with navigating the ongoing business challenges presented by COVID-19 and support future business resiliency. The Place-Based & Virtual Hubs Program provided funding to LiftFund, the Maestro Entrepreneur Center, SAGE, Southside First, and Prosper West, to support investments in their existing, physical community small business hubs. The partners conducted 26 community meetings and 140 webinars, provided over 1,100 mentoring sessions, and over 1,600 training sessions.

Despite these efforts, according to the 2020 San Antonio Small Business Ecosystem Assessment, since the start of the pandemic, total small business revenue and the number of small businesses open in San Antonio decreased by 45% and 35%, respectively. It is difficult to quantitatively assess the ongoing status of small businesses in our community, but based on anecdotal evidence, certain sectors continue to face ongoing challenges due to the pandemic and its secondary impacts.

On February 3, 2022, City Council approved the spending framework for Local Fiscal Recovery Funds received by the City of San Antonio under ARPA. This framework included \$30.9 million for small businesses. Based on direction received at the April 26, 2022 Economic and Workforce Development Committee (EWDC) meeting, as well as extensive input received from the community and the Small Business Advisory Commission (SBAC), the Economic Development Department presented the proposed implementation plan for utilization of ARPA funds to mitigate the impact of the COVID-19 pandemic on San Antonio small businesses to EWDC on May 24,

2022. This proposal was presented to the SBAC on May 10, 2022 and received SBAC's endorsement along with the recommendation that the City Council expedite allocation of small business funding. At that meeting, EWDC provided conceptual approval of the plan. On June 10, 2022, staff reviewed the implementation plan and presented recommended grant criteria to EWDC, at which time, EWDC asked for SBAC to reconsider the allocation of funding within proposed categories. SBAC met on June 14, 2022 and did not make any changes to the previously proposed implementation plan. EWDC held a special meeting on June 15, 2022 where they approved the implementation plan, grant criteria and agreement with LiftFund to administer the program to move to the City Council for consideration.

Attached to this agenda memo is the recommended implementation plan for distribution of ARPA funds to San Antonio small businesses, including a competitive process and criteria for the award of such funds.

ISSUE:

The Economic Development Department will utilize the Implementation Plan for the distribution of ARPA funds to San Antonio small businesses to mitigate the impact of the COVID-19 pandemic. The distribution of funds will support the portfolio of programs and initiatives to assist San Antonio small business. This includes the administration of the \$17 million grant program, in partnership with LiftFund, to assist small businesses in industries that continue to be impacted by the pandemic. The proposed implementation plan includes key equitable outcome goals and performance indicators.

Strategy/ Program	Recommended Funding
Access to Capital	\$20,625,000
<i>COVID Impact Grants</i>	\$17,000,000
<i>COVID Impact Grants Outreach and Marketing</i>	\$625,000
<i>Growth Fund Loan/ Grants*</i>	\$3,000,000
Capacity Building	\$1,450,000
<i>Launch SA Improvements</i>	\$300,000
<i>Back Office Support Program*</i>	\$750,000
<i>Web Presence Program*</i>	\$400,000
Ecosystem Enhancements	\$3,000,000
<i>Implementation of Pillars Identified in the SA Ecosystem Report*</i>	\$3,000,000
Localism	\$625,000
<i>Buy Local Program Implementation and Operations Support*</i>	\$625,000
Geographic Placemaking	\$5,250,000
<i>Operation Facelift 2.0*</i>	\$3,000,000
<i>Outdoor Spaces Program</i>	\$1,250,000

Strategy/ Program	Recommended Funding
<i>Corridor Program Pilot*</i>	\$1,000,000

**Denotes RFP to identify implementation partner*

The equitable outcomes identified for this implementation plan include:

- Increase opportunity and access to capital for underserved groups with a focus on Black- and Latino-owned businesses;
- Identify and address structural barriers to create opportunities for business owners;
- Establish a coordinated and sustainable small business ecosystem that serves as a safety net during future economic downturns;
- Support for production and consumption of local goods while promoting local history, culture and identity; and
- Strengthen the connection between people and the places they share.

Performance indicators to measure progress towards these outcomes include:

- Small business lending by geography (both banks and community development financial institutions (CDFIs))
- Increase in capital demand
- Job creation and retention
- Small business revenue
- Decreased business failure rate
- Increase in access to business development resources
- Increase in buy local multiplier
- Shift in consumer behavior and sentiment
- Increase in corridor investment

ALTERNATIVES:

Should the City Council choose not to approve this item, the Economic Development Department will collect feedback from the City Council to make updates to the proposed implementation plan for future consideration.

FISCAL IMPACT:

Ordinance approving an Implementation Plan for distribution of American Rescue Plan Act (ARPA) funds for Small Businesses, establishing criteria for such funding, and authorizing an agreement with LiftFund for grant program administration. The total budget for the Small Business pillar in the ARPA funds is \$30.9 million and was approved by City Council on February 3, 2022.

There is no impact to the General Fund.

RECOMMENDATION:

Staff recommends approval of the ARPA Small Business Implementation Plan for the distribution funding to San Antonio small businesses to include establishing criteria for such funds, and authorizing an agreement with LiftFund to administer the COVID Impact Grant Program.